



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
WOODFORD COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2000**

**EDWARD B. HATCHETT, JR.  
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## **EXECUTIVE SUMMARY**

### **WOODFORD COUNTY JOE D. GORMLEY, COUNTY JUDGE/EXECUTIVE FISCAL COURT AUDIT FISCAL YEAR ENDED JUNE 30, 2000**

#### **Description:**

The financial statements of the Woodford County Fiscal Court include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund, and the Public Properties Corporation Community Center Bond Fund as part of the reporting entity.

#### **Audit Results:**

We have issued an unqualified (clean) opinion on the financial statements of Woodford County Fiscal Court.

We would like to commend the Woodford County Fiscal Court officials for their professional attitude and cooperation.

#### **Financial Statements:**

The accompanying Statement Of Assets, Liabilities, and Fund Balances Arising From Cash Transactions reflects a reserved fund balance of \$9,868,394 for the Community Center and other unreserved fund balances totaling \$3,778,863. Funds to be provided in future years to retire bond issues and a capital lease agreement totals \$12,064,000. The accompanying statement of cash receipts, cash disbursements, and changes in cash balances reflect a cash balance of \$13,802,729 as of June 30, 2000.

#### **Notes to the Financial Statement:**

The Woodford County Detention Center Canteen Fund had income of \$49,045, less cost of goods sold \$38,658, less other expenses \$4,375, leaving net income at \$6,015 as of June 30, 2000. All expenditures were acceptable.



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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Joe D. Gormley, Woodford County Judge/Executive

Members of the Woodford County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Woodford County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Woodford County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Woodford County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided for in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Woodford County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 2000, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Joe D. Gormley, Woodford County Judge/Executive

Members of the Woodford County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Woodford County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

- We would like to commend the Woodford County Fiscal Court officials for their professional attitude and cooperation.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2000 on our consideration of Woodford County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -  
September 27, 2000



WOODFORD COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

**Fiscal Court Members:**

Joe D. Gormley	County Judge/Executive
Carol Rollins	Magistrate
Charles Webber	Magistrate
Richard Alcock	Magistrate
Buddy McDannold	Magistrate
Tommy Turner	Magistrate
Jim Staples	Magistrate
Bobby Gaffney	Magistrate
Dudley Gaines, Jr.	Magistrate

**Other Elected Officials:**

Alan George	County Attorney
Gary Gilkison	Jailer
Corine Woolums	County Clerk
Trisha Kittinger	Circuit Court Clerk
John Coyle	Sheriff
Jim Owens Gaines	Property Valuation Administrator
Steve Ward	Coroner

**Appointed Personnel:**

Merl Goldey	County Treasurer
Merl Goldey	Occupational Tax Administrator
Mary Lee Gillis	Payroll Officer
Chris Lafoe	Data Processing Clerk
Art Craig	Road Supervisor
Steve Tracy	911 Administrator
Missie Coulter	Jail Administrative Assistant
Betty Wilhoit	Fiscal Court Clerk

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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS



WOODFORD COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:		
Cash	\$ 3,632,478	
Road and Bridge Fund:		
Cash	16,407	
Jail Fund:		
Cash	99,398	
Local Government Economic Assistance Fund:		
Cash	2,977	
State Grant Fund:		
Cash	5,940	
Federal Grant Fund:		
Cash	21,663	
Revolving Account - Cash	<u>7,322</u>	\$ 3,786,185

Capital Project Fund Type

Public Properties Corporation Community Center Bond Fund:		
Construction Account - Cash		9,868,394

Debt Service Fund Type

Public Properties Corporation Courthouse Bond Fund:		
Cash	\$ 32,736	
Public Properties Corporation Courthouse Annex Bond Fund:		
Sinking Fund Account - Cash	98,168	
Public Properties Corporation Community Center Bond Fund:		
Cost of Issuance Account - Cash		
Sinking Fund Account - Cash	<u>24,568</u>	<u>155,472</u>
Total Assets		\$ 13,810,051

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2000  
 (Continued)

Total Assets and Other Resources (Continued)

Other Resources

General Fund Type

General Fund:

Amounts to be Provided in Future Years for Kentucky		
Association of Counties Leasing Trust Agreement Principal Payments	\$	339,000

Debt Service Fund Type

Public Properties Corporation Courthouse Bond Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	\$	305,000
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Public Properties Corporation Jail Bond Fund - 1993 Series:

Amounts to be Provided in Future Years for Bond Principal Payments	2,350,000
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Public Properties Corporation Courthouse Annex Bond Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	
From Administrative Office of the Courts and Fiscal Court	3,481,832

Public Properties Corporation Community Center Bond Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	<u>5,465,432</u>	<u>11,602,264</u>
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Total Assets and Other Resources		<u><u>\$ 25,751,315</u></u>
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Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund - Kentucky Association of Counties

Leasing Trust Agreement Principal Payments (Note 5)	\$	339,000	
Revolving Account		<u>7,322</u>	\$ 346,322

Debt Service Fund Types

Public Properties Corporation Courthouse Bond Fund:

Bond Principal Not Matured (Note 4A)	\$	305,000
Bond Principal and Interest Matured and Unpresented		32,736

WOODFORD COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2000  
 (Continued)

Liabilities and Fund Balances (Continued)

Liabilities (Continued)

Debt Service Fund Types (Continued)

Public Properties Corporation Jail Bond Fund - 1993 Series		
Bond Principal Not Matured (Note 4B)	\$	2,350,000
Public Properties Corporation Courthouse Annex Bond Fund:		
Bond Principal Not Matured (Note 4C)		3,580,000
Public Properties Corporation Community Center Bond Fund:		
Bond Principal Not Matured (Note 4D)	<u>5,490,000</u>	\$ 11,757,736

Fund Balances

Reserved:

Capital Projects Fund Type

Public Properties Corporation Community Center Bond Fund - Construction Account		9,868,394
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Unreserved:

General Fund Type

General Fund	\$	3,632,478	
Road and Bridge Fund		16,407	
Jail Fund		99,398	
Local Government Economic Assistance Fund		2,977	
State Grant Fund		5,940	
Federal Grant Fund	<u>21,663</u>	<u>3,778,863</u>	
Total Liabilities and Fund Balances		<u>\$ 25,751,315</u>	

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

WOODFORD COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 14,221,409	\$ 7,874,785	\$ 756,559	\$ 661,631
Transfers In	6,272,446		1,130,000	350,000
Public Properties Corporation				
Community Center Bond Fund-				
Bond Proceeds	5,490,000			
Total Cash Receipts	<u>\$ 25,983,855</u>	<u>\$ 7,874,785</u>	<u>\$ 1,886,559</u>	<u>\$ 1,011,631</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 9,664,817	\$ 6,589,237	\$ 1,871,828	\$ 978,555
Public Properties Corporation				
Community Center Bond Fund-				
Cost of Issuance	38,430			
Paying Agent Fee	1,500			
Rating Fee and Legal Fee	33,275			
Underwriter Fee	59,032			
Construction Expenditures	237,572			
Transfers Out	6,272,446	1,968,299		
Bonds:				
Principal Paid	185,000			
Interest Paid	328,031			
Kentucky Association of Counties				
Leasing Trust - Principal Payment	10,000	10,000		
Total Cash Disbursements	<u>\$ 16,830,103</u>	<u>\$ 8,567,536</u>	<u>\$ 1,871,828</u>	<u>\$ 978,555</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 9,153,752	\$ (692,751)	\$ 14,731	\$ 33,076
Cash Balance - July 1, 1999	4,648,977	4,325,229	1,676	66,322
Cash Balance - June 30, 2000	<u>\$ 13,802,729</u>	<u>\$ 3,632,478</u>	<u>\$ 16,407</u>	<u>\$ 99,398</u>

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

General Fund Types			Capital Projects Fund Types	
Local Government Economic Assistance Fund	State Grant Fund	Federal Grant Fund	Public Properties Corporation Courthouse Annex Construction Account	Community Center Construction Account
\$ 17,901	\$ 4,120,614	\$ 182,562	\$ 3,384	\$ 377,975 4,363,632
				5,490,000
\$ 17,901	\$ 4,120,614	\$ 182,562	\$ 3,384	\$ 10,231,607
\$ 17,901	\$ 21,925	\$ 185,371	\$	\$
	4,113,632		29,685 93,087	59,032 207,887 96,294
\$ 17,901	\$ 4,135,557	\$ 185,371	\$ 122,772	\$ 363,213
\$ 0 2,977	\$ (14,943) 20,883	\$ (2,809) 24,472	\$ (119,388) 119,388	\$ 9,868,394
\$ 2,977	\$ 5,940	\$ 21,663	\$ 0	\$ 9,868,394

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

	Debt Service Fund Types			
	Public Properties Corporation Courthouse Bond Fund	Public Properties Corporation Jail Bond Fund- 1993 Series	Public Properties Corporation Courthouse Annex Bond Fund Cost of Issuance Account	Sinking Fund Account
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$	\$	\$ 30	\$ 224,489
Transfers In	35,735	202,564		94,221
Public Properties Corporation Community Center Bond Fund- Bond Proceeds				
Total Cash Receipts	<u>\$ 35,735</u>	<u>\$ 202,564</u>	<u>\$ 30</u>	<u>\$ 318,710</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$	\$	\$
Public Properties Corporation Community Center Bond Fund- Cost of Issuance Paying Agent Fee Rating Fee and Legal Fee Underwriter Fee Construction Expenditures				
Transfers Out			1,134	
Bonds:				
Principal Paid	55,000	75,000		55,000
Interest Paid	17,671	127,464		182,896
Kentucky Association of Counties Leasing Trust - Principal Payment				
Total Cash Disbursements	<u>\$ 72,671</u>	<u>\$ 202,464</u>	<u>\$ 1,134</u>	<u>\$ 237,896</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (36,936)	\$ 100	\$ (1,104)	\$ 80,814
Cash Balance - July 1, 1999	<u>69,672</u>	<u>(100)</u>	<u>1,104</u>	<u>17,354</u>
Cash Balance - June 30, 2000	<u>\$ 32,736</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 98,168</u>

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2000  
 (Continued)

<u>Debt Service Fund Types</u>	
Public Properties Corporation	
<u>Community Center Bond Fund</u>	
Cost of	
Issuance	Sinking Fund
<u>Account</u>	<u>Account</u>
\$	\$
73,205	1,479
	23,089
<u>\$ 73,205</u>	<u>\$ 24,568</u>
\$	\$
38,430	
1,500	
33,275	
<u>\$ 73,205</u>	<u>\$ 0</u>
\$ 0	\$ 24,568
<u>\$ 0</u>	<u>\$ 24,568</u>

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Woodford County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund, and the Public Properties Corporation Community Center Bond Fund as part of the reporting entity.

Additional – Woodford County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Woodford County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are subjected by oversight of state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. A list of Woodford County Fiscal Court's Fund Types, a definition of each, and a list of county funds included within each fund type are listed below.

1. General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Woodford County General Fund Type includes the following county funds: The General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, State Grant Fund, and Federal Grant Fund.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2. Capital Project Fund Type

Capital Project Fund Type accounts for all financial resources for the construction of capital projects. The Woodford County Public Properties Corporation Courthouse Annex Construction and Public Properties Corporation Community Center Construction Funds are capital project funds.

3. Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest, and include funds for the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond, Public Properties Corporation Courthouse Annex Bond Fund Cost of Issuance and Sinking Fund Accounts and the Public Properties Corporation Community Center Bond Fund Cost of Issuance and Sinking Fund Accounts. Debt service is provided through annual transfers from the General Fund Type Administrative Office of the Courts in the amount of the debt service requirements for the year.

C. Basis of Accounting

For all fund types, the County utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided for in future years.

D. Legal Compliance - Budget

The Woodford County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Capital Project Fund Type and Debt Service Fund Type. These funds are the Public Properties Corporation Courthouse Bond Fund, Public Properties Corporation Jail Bond Fund, Public Properties Corporation Courthouse Annex Bond Fund, and the Public Properties Corporation Community Center Bond Fund.

WOODFORD COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2000  
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

Note 1.D. Legal Compliance – Budget (Continued)

Bond indentures and other relevant contractual provisions require specific payments to and from these funds annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Woodford County Fiscal Court:

Woodford County Hospital District	South Woodford County Water District
Northeast Woodford County Water District	Woodford County Library District
Woodford County Tourism Commission	Woodford County Conservation District
Woodford County Health District	

G. Joint Ventures

A legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) on ongoing financial responsibility is a joint venture.

Versailles - Woodford County Parks and Recreation Department  
 Versailles - Woodford County Economic Development Authority  
 Versailles, Midway, and Woodford County Planning and Zoning Commission



WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent. Hazardous covered employees are required to contribute 7.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 17.55 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, and February 29, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of February 29, 2000.

	<u>Bank Balance</u>
Collateralized with surety bonds held by the county's agent in the county's name	\$ 6,000,000
Collateralized with securities held by pledging depository institution in the county's name	<u>8,990,000</u>
Total	<u>\$ 14,990,000</u>

Note 4. Long-Term Debt

A. Bonds outstanding of the Woodford County Public Properties Corporation Courthouse Bond Fund are:

\$305,000 of 5.35% and 5.40% nonvoted general obligation courthouse bonds, series 1968, dated July 1, 1968; interest payable semiannually on January 1 and July 1.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
7/1/00	\$ 16,470	\$ 55,000
7/1/01	13,500	60,000
7/1/02	10,260	60,000
7/1/03	7,020	65,000
7/1/04	<u>3,510</u>	<u>65,000</u>
Totals	<u>\$ 50,760</u>	<u>\$ 305,000</u>

WOODFORD COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2000  
 (Continued)

Note 4. Long-Term Debt (Continued)

B. Bonds outstanding of the Woodford County Public Properties Corporation Jail Bond Fund are:

- (1) \$2,350,000 of nonvoted public project refunding revenue bonds, 1993 Series A, dated July 1, 1993; interest payable semiannually on May 1 and November 1.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
11/1/00	\$ 124,268	\$ 80,000
11/1/01	120,615	85,000
11/1/02	116,705	85,000
11/1/03	112,525	90,000
2004-2017	<u>887,771</u>	<u>2,010,000</u>
Totals	<u>\$ 1,361,884</u>	<u>\$ 2,350,000</u>

- (2) As of June 30, 1997, the outstanding principal amount of the nonvoted serial revenue bonds, Series 1987, dated November 5, 1987 was \$2,230,000. Bonds of \$40,000 were redeemed on November 1, 1997, and the balance of \$2,190,000 was called on November 1, 1997 at a 3.00% redemption premium.

C. Bonds outstanding of the Woodford County Public Properties Corporation Courthouse Annex Bond Fund are:

\$3,580,000 in lease revenue bonds, Series 1997, dated November 1, 1997 to be used in the financing and construction of a courthouse annex. The following schedule sets forth Woodford County's annual debt service of the bonds after deducting capitalized interest and Administrative Office of the Courts (AOC) rental payments.

<u>Fiscal Year Ending June 30</u>	<u>Interest Rate</u>	<u>Scheduled Principal</u>
2001	4.10%	\$ 60,000
2002	4.15%	60,000
2003	4.25%	65,000
2004	4.35%	65,000
Thereafter	4.45-5.2%	<u>3,330,000</u>
Total		<u>\$ 3,580,000</u>

- In accordance with a sublease agreement between Administrative Office of the Courts (AOC) and the Woodford County Fiscal Court, AOC committed itself to participate in providing part of the costs of constructing a courthouse annex through use allowance payments.

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 4. Long-Term Debt (Continued)

D. Bonds outstanding of the Woodford County Public Properties Corporation Community Center Bond Fund are:

\$5,490,000 of 5.375% and 5.45% nonvoted general obligation courthouse bonds, series 2000, dated February 15, 2000; interest payable semiannually on August 1 and February 1.

<u>Fiscal Year Ending 6/30</u>	<u>Scheduled Interest and Fees</u>	<u>Scheduled Principal</u>
2001	\$ 296,858	\$ 645,000
2002	262,189	150,000
2003	254,126	160,000
2004	245,526	170,000
Thereafter	<u>2,275,794</u>	<u>4,365,000</u>
Totals	<u>\$ 3,334,493</u>	<u>\$ 5,490,000</u>

Note 5. Capital Lease Agreement

On December 8, 1994, the County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program (KACoLT) for the construction of a Conservation District Building. The principal of the lease is \$339,000 with repayment to be made over a twenty-five year period. Principal payments are due annually on January 20, in variable amount; interest plus associated fees is due monthly in variable amounts.

<u>Fiscal Year Ending 6/30</u>	<u>Scheduled Interest and Fees</u>	<u>Scheduled Principal</u>
2001	\$ 23,320	\$ 11,000
2002	22,553	11,000
2003	21,757	12,000
2004	20,054	13,000
Thereafter	<u>176,097</u>	<u>292,000</u>
Totals	<u>\$ 263,781</u>	<u>\$ 339,000</u>

WOODFORD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2000  
(Continued)

Note 6. Commitments and Contingencies

The Economic Development Authority has a loan of \$1,178,000 dated September 8, 1998, which is secured by Woodford County, City of Midway and real estate. The fiscal court has been paying the interest on this loan and expects to be reimbursed when the industrial park is sold.

Note 7. Insurance

For the fiscal year ended June 30, 2000, Woodford County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 8. Woodford County Detention Center Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1)(2), which allows the Jailer to sell snacks, sodas, and other items to inmates in the detention center. The profits generated from the sale of these items are to be used for the benefit or recreation of the inmates. KRS 68.210 requires the Jailer to maintain accounting records and report annually to the County Treasurer the receipts and disbursements of the Detention Center Canteen. Technical Audit Bulletins 93-002 and 97-001 provide additional accounting and expenditure guidance for acceptable Detention Center Canteen operations.

The Woodford County Detention Center Canteen Fund had income of \$49,045, less cost of goods sold \$38,658, less other expenses \$4,375, leaving net income at \$6,015 as of June 30, 2000. All expenditures appeared to be acceptable.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE





WOODFORD COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 7,426,829	\$ 7,874,785	\$ 447,956
Road and Bridge Fund	824,783	756,559	(68,224)
Jail Fund	469,550	661,631	192,081
Local Government Economic Assistance Fund	24,278	17,901	(6,377)
State Grant Fund	4,010,000	4,120,614	110,614
Federal Grant Fund	<u>793,740</u>	<u>182,562</u>	<u>(611,178)</u>
Totals	<u>\$ 13,549,180</u>	<u>\$ 13,614,052</u>	<u>\$ 64,872</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 13,549,180
Add: Budgeted Prior Year Surplus	<u>4,000,000</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 17,549,180</u>

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SCHEDULE OF OPERATING REVENUE



**WOODFORD COUNTY**  
**SCHEDULE OF OPERATING REVENUE**

Fiscal Year Ended June 30, 2000

		GOVERNMENTAL FUND TYPES		
	Totals (Memorandum Only)	General Fund Type	Capital Projects Fund Type	Debt Service Fund Type
<u>REVENUE:</u>				
Taxes	\$ 6,140,660	\$ 6,140,660	\$	\$
Excess Fees	449,324	449,324		
License and Permits	33,998	33,998		
Intergovernmental Revenues	6,370,009	5,898,749	250,000	221,260
Charges for Services	504,912	504,912		
Miscellaneous Revenues	258,511	258,511		
Interest Earned	463,995	327,898	131,359	4,738
Total Operating Revenue	\$ 14,221,409	\$ 13,614,052	\$ 381,359	\$ 225,998

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES





WOODFORD COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 1,445,923	\$ 1,581,108	\$ (135,185)
Protection to Persons and Property	2,934,765	2,915,316	19,449
General Health and Sanitation	1,382,863	1,215,095	167,768
Social Services	162,529	120,528	42,001
Recreation and Culture	5,657,113	812,411	4,844,702
Roads	1,649,778	1,787,356	(137,578)
Bus Service	42,870	32,010	10,860
Debt Service	331,552	20,598	310,954
Capital Projects	254,201	2,149	252,052
Administration	3,189,287	1,178,246	2,011,041
Total Operating Budget - All General Fund Types	\$ 17,050,881	\$ 9,664,817	\$ 7,386,064
Other Financing Uses:			
Transfers to Public Properties			
Corporation Community Center Construction Fund	250,000	250,000	
Transfers to Public Properties			
Corporation Courthouse Bond Fund	202,564	202,564	
Transfers to Public Properties			
Corporation Jail Bond Fund	35,735	35,735	
Lease Agreement-			
Conservation District Building-			
Principal on Lease	10,000	10,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 17,549,180</u>	<u>\$ 10,163,116</u>	<u>\$ 7,386,064</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Honorable Joe D. Gormley, Woodford County Judge/Executive  
Members of the Woodford County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Woodford County Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated September 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Woodford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodford County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Joe D. Gormley, Woodford County Judge/Executive  
Members of the Woodford County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
September 27, 2000

**CERTIFICATION OF COMPLIANCE – LOCAL  
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**WOODFORD COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

Appendix A






CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
WOODFORD COUNTY FISCAL COURT

The Woodford County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

  
\_\_\_\_\_  
Name  
County Judge/Executive

  
\_\_\_\_\_  
Name  
County Treasurer